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ABSTRACT

This competency-based preservice home economics teacher education module on money management is the second in a set of three modules on management in economically depressed areas. (This set is part of a larger set of sixty-seven modules on the Management Approach to Teaching Consumer and Homemaking Education [MATCHE]--see CE 019 901-967.) Following the module objective and overview, three units of instruction are presented: (1) the financial plan (with lessons on identifying financial resources, collecting information on financial plans, and developing, evaluating, and controlling the financial plan), (2) identification of alternatives (with lessons on decision-making, food, clothing, housing, equipment, and transportation), and (3) financial crises (with lessons on credit, counseling, investigating alternatives, and evaluating debt). Each unit includes the following elements: objectives, overview, and a progress test. Lessons contain narrative summaries, suggested activities, resources, and a progress check. A module pre/posttest (with answer key) concludes the document. (Workshop proceedings relating to the development of these modules are available in the ERIC system as CE 019 896-899; also available is a module on utilizing FHA-HERO as an instructional strategy to expand and strengthen the home economics instructional programs [CE 019 900].) (CT)

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ECONOMICALLY DEPRESSED AREA STRAND:

MANAGEMENT

MODULE III-F-2 MONEY MANAGEMENT

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1978

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MATCHE

Management Approach to Teaching Consumer and Homemaking Education

MATCHE is an individualized, competency-based preservice curriculum designed for home economics education students at the preprofessional, upper division level. MATCHE is a comprehensive curriculum based on selected objectives which give emphases in three areas: 1) consumer approach to homemaking education, 2) teaching home economics in economically depressed areas, and 3) establishing occupational programs related to home economics. The material for each subject matter area of home economics has been organized into these three strands, and includes an FHA-HERO emphasis. These subject matter areas are home economics education core, housing, foods and nutrition, textiles and clothing, human development, and management.

The MATCHE modules were written by subject matter specialists from various colleges and universities offering home economics and therefore each is unique in the approach used for the development of the objectives. The modules allow for differences in level of achievement, rate of learning, and learning goals. They may be used independently, combined into a sequential series, or as a random set of conceptual units. Any instructor using the material can easily adapt the material to a specific group of students, the locale, method of instruction, and available facilities. Learning may be facilitated by offering one module in conjunction with others.

As MATCHE is continuously up-dated by those using the curriculum, some concepts and objectives may be added and others deleted. The purpose is to continually strengthen the program for pre and inservice home economics teachers.

Guidelines for Use and Continuous Development of MATCHE are on file with Home Economics units in each of the fifty state departments of education plus all of the Home Economics Departments in California institutions offering home economics education. This booklet and proceedings from the four MATCHE workshops give background information concerning the purpose and development of the MATCHE project.

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MATCHE PROJECT

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MONEY MANAGEMENT

Module Objective

The MATCHE student will be able to assist economically depressed area (EDA) persons in developing and implementing a plan and/or procedure for utilization of financial resources to meet needs and goals.

Module Overview

Existing curricula for consumer education contain many valid objectives which indicate what individuals should know and apply if they are to successfully manage their money. For some families, particularly low income, no amount of budgeting will stretch their limited incomes. This module has been divided into three units to enable you to assist EDA families and individuals cope with money management problems.

Unit 1: The Financial Plan

Unit 2: Identification of Alternatives

Unit 3: Financial Crises

UNIT 1

THE FINANCIAL PLAN

Objective

The MATCHE student will develop and evaluate a month's money management plan for an EDA family. The plan will be based on their present and expected income, expenses, goals, and needs for a month's time. The student will evaluate the success of the plan as evidenced by willingness to create additional money management plans based on the evaluation of the previous plan.

Overview

A financial plan can assist a family, even those on a severely limited income, because the plan illustrates precisely what the family has to work with and where it has to go. Incomes and expenses, even when fixed, can to some extend be controlled.

This unit will give you an opportunity: 1) to work with a low-income family, real or simulated, in designing a plan based on a month's income and anticipated expenses, and 2) to evaluate the success of the plan based on the family's perception of the advantages of the plan.

Lesson 1: Identifying Financial Resources Available to EDA Families and Individuals

Narrative Summary

The first step in the management of money is to ascertain the amount of money available for a period of time. Assuming that the EDA family must depend upon some government assistance, it will be necessary to determine the amount of monies EDA families and individuals can anticipate.

If this is a class project, divide the following activities among class members and share the collected information.

Suggested Activities

1. Contact the Department of Public Social Services to obtain information on the amount of money available to families of differing sizes which would use these government programs: Aid to Families with Dependent Children (AFDC) and General Relief. Obtain copies of suggested budgets, if possible.

2. Contact the Department of Public Social Services to obtain information on the cost of food stamps for EDA families and individuals.

3. Visit the local Social Security Office to obtain information on current financial benefits available to the Social Security retiree/beneficiary, and secure information about Supplemental Security Income.

Lesson 1 Progress Check
Prepare a summary (possibly in chart form for future reference) of the financial benefits available to eligible persons from governmental agencies and discuss the findings with your instructor. Proceed to Lesson 2 and 3.

Lesson 2: Collecting Background Information Necessary to Prepare a Financial Plan for EDA Families and Individuals

Narrative Summary

After collecting the information on money available to individuals from government sources, you must determine the goals of EDA families or individuals, their shopping techniques, and expenses peculiar to your area. Budgets developed by government agencies for low-income groups should be investigated in preparation for developing budgets in Lesson 3.

Suggested Activities

1. From the suggested resources, research the financial goals of EDA families and individuals.

2. Use the resources to research the shopping characteristics of EDA families and the low-income aged.

3. EDA families spend the largest percentage of their income on food. They often shop in small neighborhood stores, where prices are usually higher. What are other reasons why they spend a high percentage of income for food? Carry out the investigation through observation and reading from the suggested resources.

4. Investigate the housing costs for low-income housing.

5. Review the current Bureau of Labor Statistics' lower standard of living budget for a family of four. Relate that information to your area.

6. Review the current Bureau of Labor Statistics' lower standard budget for a retired couple.

7. Obtain the current issue of Family Economics Review for "Costs of Food at Home" and record that information for use in Lesson 3.

Suggested Resources

Andreasen, Alan R. "The Differing Nature of Consumerism in the Ghetto," The Journal of Consumer Affairs, (Winter 1976).

Andreasen, Alan R. The Disadvantaged Consumer. New York: The Free Press, 1975.

Bell, Carolyn S. The Economics of the Ghetto. New York: Pegasus, 1970.

Boone, Louis E., and John A. Bonno. "Food Buying Habits of the Urban Poor," Journal of Retailing, (Fall, 1971).

Brown, Stephen W., and Lee Richardson. The Unique Problems of Low-Income Consumers. Baton Rouge, Louisiana: Division of Research, Louisiana State University, 1973.

Campbell, Sally R. Age of Adaption. Chicago: Sears, Roebuck and Company, 1971.

Caplovitz, David. The Poor Pay More. New York: The Free Press, 1963.

Deacon, Ruth E., and Francille M. Firebaugh. Home Management Context and Concepts. Boston: Houghton Mifflin, 1975. Chapter 13.

Friedland, William H., and Dorothy Nelkin. Migrant Agricultural Workers in America's Northeast. New York: Holt, Rinehart and Winston, 1971.

Goodman, Charles S. "Do the Poor Pay More?" Journal of Marketing, (January 1968).

Groom, Phyllis. "Prices in Poor Neighborhoods," Monthly Labor Review, (October 1966).

Hawkes, Glenn R., Minna Taylor, and Beverly E. Bastian. "Patterns of Living in California's Migrant Labor Families," Research Monograph No. 12, University of California, 1973.

Mason, Joseph Barry, and Brooks E. Smith. "An Exploratory Note on the Shopping Behavior of the Low-Income Senior Citizen," The Journal of Consumer Affairs, (Winter 1974).

McNeal, James U. (ed.). Dimensions of Consumer Behavior. New York: Appleton, Century, Crofts, 1965.

Meyers, Treinah. "The Extra Cost of Being Poor," Journal of Home Economics, 62 (June 1970).

Miller, Herman T. Poverty American Style. Belmont, California: Wadsworth Publishing, 1966.

Miller, Herman T. Rich Man, Poor Man. New York: Thomas Y. Crowell, 1971.

Phillips, E. Bryant, and Sylvia Lane. Personal Finance Text and Case Problems. New York: John Wiley and Sons, 1974.

Ratagick, Marie. "Two American Welfare Mother," Ms., June, 1973.

Rushing, William A. Class, Culture and Alienation. Lexington, Massachusetts: D.C. Heath and Company, 1971.

U.S. Department of Agriculture. Family Economics Review. (current edition).

U.S. Department of Labor, Bureau of Labor Statistics. Monthly Labor Review. (current issues).

Waddell, Fred E. The Elderly Consumer. Columbia, Maryland: Antioch College, 1976.

Filmstrips/Films

A Forgetten Minority: Walter and Sally. Social Studies School Service. Culver City, California (the aged consumer).

Information collected in this lesson will be used in completing the financial plan. Proceed to Lesson 3.

Lesson 3: Developing the Financial Plan

Narrative Summary

The information concerning available government monies, budgets, goals and spending habits of EDA families and individuals has been collected and you are now ready to develop a financial plan. A real family would make the experience more enriching. Perhaps a contact at the Department of Public Services can assist in finding a cooperative family or individual in developing this lesson.

Suggested Activity

1. Set up a monthly financial plan for a cooperative EDA family or individual. If you are unable to find such a family, use any of the following case studies or one of your design. Base the income on information collected in Lesson 1 as well as information collected in Lesson 2 on local housing costs, food costs, etc. This plan should indicate financial goals the family has established, individuals' needs, and should show a savings.

   a. Sarah Brown, age 36. Three children, ages 15, 13, and 9. Husband is not with the family. Sarah has completed the eighth grade. She has no checking account, savings plan, or insurance. They do not have an automobile so must depend on local bus services. The live in a low-rent apartment. She is receiving Aid to Dependent Children, buys Food Stamps, and is eligible for MediCal.

   b. Manual and Mary Lopez, ages 29 and 26. Four children, ages 9, 7, 6, and 3. Mary completed the eighth grade, Manual attended school in Mexico whenever he could. They have no savings. They have an older model automobile that needs constant repair. They live in low-income housing. Income is seasonal and they often must have General Relief.

   c. Carrie Sloane, age 81, widowed. Lives in a city apartment. Income: Social Security and Supplemental Security Income. She has $300 in a checking account and a $500 matured government bond. There is a corner grocery store near her; she relies on taxis to take her to the doctor once a month or for trips to a shopping center.

Suggested Resources

Any management text or family economics text on budgeting.

Lesson 3 Progress Check

After discussing the financial plan with your instructor and you ascertain that there are no problems, proceed to Lesson 4.

Lesson 4: Evaluating and Controlling the Financial Plan

Narrative Summary

Developing financial plans involves simple mathematics. However, following that plan is a challenge and can prove difficult. You should evaluate the financial plan to ascertain the value of and success of that plan for further implementation. You also must realize that plans must be flexible and that any expenses which deviate from the usual can become a crises to the EDA family or individual.

Suggested Activities

1. Design a tool to evaluate the financial plan from Lesson 3. Obtain personal reactions to the plan from the family, assuming you worked directly with a family.

2. Choose any two situations below which would cause a financial crisis for the family. Make adjustments in the financial plan--either by seeking additional financial aid or changing the goals of the family:

   a. One of the children needs $5 for a school activity, i.e., fabric for a clothing class project.

   b. There is a transportation strike--no buses or taxis.

   c. Someone breaks an arm.

   d. Grocery store has a fire and is closed for remodeling.

Lesson 4 Progress Check

Prepare a written summary of the control problems EDA families have with financial plans. When you and your instructor feel you have met the objectives of the unit, you may take the unit progress test and proceed to Unit 2.

Unit 1 Progress Test

Student_____

Money Management

Instructor_____

Date_____

1. Check the shopping characteristics most frequently exhibited of EDA families.

   a. _____ buy the first item presented

   b. _____ very conscious of brand names

   c. _____ prices are clearly in mind before shopping

   d. _____ make impulsive purchases

   e. _____ buy items on the basis of salespeople's comments

   f. _____ shop in local neighborhood rather than a larger geographical area

2. Check the financial goals and skills of EDA families.

   a. _____ frequently spend a large percentage of money on the day the paycheck is cashed

   b. _____ cash paychecks at banks

   c. _____ cash paychecks in bars, grocery stores

   d. _____ skilled in the use of credit

   e. _____ have long-term goals

   f. _____ if there were a choice, would invest in a savings account rather than a home

3. Check the reasons for EDA families' spending the largest percentage of their income for food.

   a. _____ very consciously use relatively unknown brand of food

   b. _____ prices are more expensive in low-income areas of a city

   c. _____ food prices in stores are changed before welfare checks are received

   d. _____ buy food where credit is extended

e. _____ buy large economy sizes

f. _____ stock up when canned goods or staples are on sale

g. _____ have a well-stocked pantry

h. _____ lack refrigeration necessary for storage of food

i. _____ quality goods often lacking in the neighborhood store

j. _____ vermin frequently in the home rendering storage of supplies of food impractical

Answer Key
Unit 1 Progress Test

Money Management

1. a, b, d, e, f
2. a, c, f
3. a, d, h, i, j

UNIT 2

IDENTIFICATION OF ALTERNATIVES

Objective

The MATCHE student will be able to create situations whereby an EDA family will be able to analyze its existing methods of purchasing and the student will propose alternatives that will meet more of the values, needs, income limitations, and overall goals of an EDA family or individual.

Overview

As you work with pupils and families from EDAs, you will learn about their shopping habits and their methods of purchasing goods and services. You may encounter many families which repeatedly buy in the same neighborhood stores where they are known by merchants and where credit is readily available. You may observe family members who are reluctant to ask questions of clerks and merchants and are inclined to buy the first item presented.

This unit will help you gain competence in working with your pupils and their families to know what their alternatives are in view of their values, needs, and overall goals within their limited incomes.

Lesson 1: Developing Decision-Making Alternatives

Narrative Summary

Today much of our learning is gained from viewing movies, slides, and TV, and playing educational games. Before you can assist the EDA family or individual, you will need to ascertain the quality of their shopping skills. This lesson involves an activity whereby several students can work together to determine the decision-making skills exhibited in the marketplace.

Suggested Activities

1. Create a game(s) involving decision-making in the market. The games could be patterned after any commercial games (Monopoly) or popular TV game shows (Family Feud, Match Game). Present the game to a local high school teacher and ask that it be tried with his or her students. Be present at the time the game is played.

2. Write a paper relating the purchasing decisions and goals exhibited by the EDA students during the playing of the game.

Suggested Resources

Refer to resources at the conclusion of Unit 2.

Lesson 1 Progress Check
Give your instructor a written paper from #2. Proceed to Lesson 2 and 3.

Lesson 2: Alternatives for Food/Clothing Dollar

Narrative Summary

Developing the shopping skills of the EDA family so that they can stretch their dollars is the challenge of Lessons 2 and 3. Activities have been designed so that you can create visuals, games, lesson plans, skits, etc. which might be used in teaching EDA students or in adult education classes. The activities can be divided among a group of students as the instructor sees individual needs.

Suggested Activities

1. a. Shop for food staples, used by EDA families, at neighborhood stores, chain stores, discount groceries, food cooperatives, etc. Compare prices of brands, sizes of containers, etc.

   b. Read the weekly food ads in newspapers and fliers.

   c. Develop lesson plans to organize EDA students to develop "Best Food Buys for the Week" pamphlets to distribute to EDA families.

   d. Develop posters (overhead acetates for classroom use) showing good money saving tips for grocery shoppers; display these,with permission, in areas frequented by EDA families--e.g., churches, laundromats. Might include labeling, grades, etc.

2. a. Shop for children's clothes (or some clothing item) in a thrift shop, factory outlet, chain store, flea market, garage sale, etc. Determine quality, prices, etc.

b. Create posters on good clothing buys for display as in 1d. (overhead acetates for classroom).

Lesson 2 Progress Check

Because the remaining lessons in the unit are interrelated, they will be uninterrupted by a written progress check. Proceed to Lesson 3 when you and your instructor feel you are ready.

Lesson 3: Alternatives for Housing, Equipment, Transportation Dollars

Narrative Summary

See Lesson 2.

Discuss with your instructor the three subject areas in this lesson. Indicate the area(s) with which you feel least comfortable in teaching the EDA student.

Suggested Activities

1. Develop lesson plans, visuals, or games which could be used in teaching EDA students and their families prudent use of money.

2. Write a skit on any of the suggested topics. Be sure to include the kinds of questions consumers should ask of salesclerks.

   Buying a used car
   Buying new tires
   Buying automobile insurance
   Looking for an apartment house
   Etc.

Suggested Resources

Fetterman, Elsie, and Margery L. Kabot. "Stretching a Buck," Journal of Home Economics, 64 (November 1972). (Consumer Education Visuals)

Gordon, Leland J., and Stewart M. Lee. Economics for Consumers. New York: American Book Company, 1972.

Household Finance Corporation--Money Management Library.

Making the Most of Your Money. New York: Institute of Life Insurance, Educational Division, 1967.

Margolius, Sidney. The Consumer's Guide to Better Buying. New York: Simon and Schuster, 1972.

Price, Dorothy A. Family Decisions: A Simulated Choice/Chance Game. Pullman: Washington State University.

Troelstrup, Arch W. The Consumer in American Society: Personal and Family Finance. New York: McGraw-Hill, 1974.

Filmstrips

Household Finance Corporation. Your Shopping Dollar; Your Foods Dollar; Your Clothing Dollar; Money Talks or You've Got to Have a Plan, Man!

How to Buy Food, Agriculture Handbook No. 443. Washington, D.C.: U.S. Government Printing Office, (August 1975).

How to Shop Wisely, Teaching Resource Films, Mt. Kisco, New York. Filmstrips--"Becoming a Responsible Consumer, Buying Quality on a Budget."

Let's Go Shopping, Changing Times Education Service, 1973.

The Food Stamp Program and You. U.S. Department of Agriculture, Photography Division, Office of Communications. 1974.

Unit 2 Progress Test

Because this unit is one of creating lesson plans, games, visuals, etc., the satisfactory presentation of them to your instructor and/or classmates should be adequate testing of the unit.

UNIT 3

FINANCIAL CRISES

Objective

When working with a family which has made major home equipment purchases on credit and has subsequently fallen behind on its payments, the MATCHE student will be able to propose alternatives to be taken into account:

1. the family's goals and values, wants, and needs
2. the family's standards
3. the family's resources

Overview

Overextension of credit is only one of many financial crises which often confront families in EDAs, and it is one for which there are several solutions. Credit is one of the few ways by which EDA families can achieve long-term goals. Not all credit buying results in problems, but when it does, the problem may create disastrous results.

This unit will give you the opportunity to explore alternative methods of solving the problem of overextended credit and its resultant financial crisis.

Lesson 1: Consequences of Missed Credit Payments

Narrative Summary

The consequences of failing to meet credit obligations is frequently unknown to the "affluent American." Most people do not know of the unorthodox practices of debt collectors and the social-psychological implications as well as the economic backlash of such an experience. The activity in this lesson is designed to provide the student with that knowledge.

Suggested Activity

Review the consequences frequently faced by low-income people when they fail to meet their financial obligations to credit agreements. Caplovitz, Magnuson and Carper, Porter, Troelstrup, and Andreasen from the resources vividly relate the pressures placed upon the EDA family to repay a debt.

Suggested Resources

Resources for this unit have been placed after the last lesson in the unit.

> Lesson 1 Progress Check
>
> Discuss with your instructor the types of consequences the EDA family may experience when credit agreements are not met. Proceed to the following lessons to determine possible ways to avoid the above consequences.

Lesson 2: Financial Counseling Services

Narrative Summary

You have been alerted to the methods used by credit collection agents. Surely such methods do not exist in your area! The EDA family or individual is rarely aware of financial counseling services. This lesson is designed for you to work individually or in groups to investigate those services.

Suggested Activities

1. There are many legitimate financial consultants; some geographical areas will have one or all of the listed groups. Investigate the services of one or more of the groups. Find out the kind of advice they give to EDA families which are having problems with creditors; repossession policies in your area; garnishee practices; instances of bankruptcy; any other alternatives which would help in aiding an EDA family with financial crises.

   a. Legal Aids Society
   b. Family Service Society (Association) if separate from Legal Aids Society
   c. Credit union
   d. Military (Army and Navy) debt counselors
   e. Other: church, bank, university

2. Ascertain the favorable or unfavorable assistance given to EDA families regarding credit difficulties.

Suggested References from Resources at end of Unit

Gordon and Lee
Churchman and Rusmussen
Porter

When you feel you have sufficient information from this lesson, take the following Progress Check.

Lesson 2 Progress Check

1. Credit counselors assist the overextended credit used with their counseling service. Four of the goals the counselors hope to achieve with the client are:

   a.

   b.

   c.

   d.

2. An EDA family or individual might pursue several alternatives to prevent a financial crises. Indicate four of those alternatives.

   a.

   b.

   c.

   d.

Compare your answers with those on the next page.

Answer Key
Lesson 2 Progress Check

The answers below are suggested answers. The instructor must judge the appropriateness of answers which differ from these.

1. Reduce the number of garnishment of wages.
   Reduce the amount of repossessed merchandise.
   Prevent credit rating loss.
   Increase worker's self-respect, mental outlook on life.
   Provide alternative financial programs.
   Strengthen families.
   Educate individuals on wise use of credit.
   Reduce time and money spent by merchants with problem customers.

2. Talk to the lender and set up a different payment plan.
   Declare personal bankruptcy.
   Consolidate debts.
   Pawn something.
   Allow wages to be garnished.
   Allow item to be repossessed.
   Assume a new loan and pay off the old debt.
   Do nothing.

Lesson 3: Investigating the Alternatives

Narrative Summary

Assume that the family for which the financial plan was designed in Unit 1 has become delinquent in meeting payments on a refrigerator. Such a situation is not uncommon among EDA families. In the previous lesson, you investigated the many alternatives available to the overextended user of credit to solve their problem. The activities in this lesson have been designed for you to work alone or with the class to investigate the consequences of using any of the available alternatives to debt.

Suggested Activities

1. Talk to the creditor.

   a. Interview creditors most frequented by EDA families--bank, department stores, small loan company. Interview questions might include: optional payment plans, procedures to follow before and after talking to the creditor.

   b. Ascertain the consequences--favorable and unfavorable--of EDA families' talking with creditors to solve their credit problems.

2. Allow the refrigerator to be repossessed.

   a. Investigate the procedures followed by a merchant when repossessing an item.

   b. Determine the further financial obligations of the family in the event the refrigerator is repossessed.

   Resource List: see Porter and Andreasen

3. Allow wage garnishment.

   a. Review the Truth-in-Lending Law on wage garnishment regulations.

   b. Determine the present and future financial and psychological consequences of wage garnishment.

   Resource List: see Andreasen

4. Declare personal bankruptcy. Determine the practicality of an EDA family's declaring bankruptcy.

   Resource List: see Troelstrup and Porter

5. Consolidate debts (Debt pooling). Research the consequences of debt pooling.

   Resource List: see Porter

6. Pawn some item. Assume the family has some valuable jewelry and knows of a reliable pawn broker who can loan them the money which can be used to meet the crisis. You might visit a pawnshop to observe their business management and to determine the wiseness of pawning the jewelry.

   Resource List: see Porter

7. Investigate additional alternatives: e.g. another family member's becoming gainfully employed, obtaining a new loan with more acceptable terms.

Summarize the information which has been collected and when you feel that you have sufficient knowledge of credit alternatives take the following Progress Check.

Lesson 3 Progress Check

1. Three advantages of talking to the creditor to postpone or change the credit payment plans are:

   a.

   b.

   c.

2. Check true items concerning repossession of merchandise.

   a. _____ Repossession of merchandise removes all debt obligation.

   b. _____ Repossession laws vary from state to state.

   c. _____ Repossession laws favor the merchant rather than the consumer.

   d. _____ Items cannot be repossessed unless the buyer is notified and given a chance to tell his side of the story to the courts.

   e. _____ Merchants repossess the merchandise rather than a third party.

   f. _____ Repossession in low-income areas is big business.

3. Check true statements about pawning movable property.

   a. _____ A very expensive way to borrow.

   b. _____ Almost instant money.

   c. _____ Unlimited time allowed to redeem the property.

4. Three psychological and job related consequences of repossession of merchandise and/or wage garnishment are:

   a.

   b.

   c.

5. Check true statements about bankruptcy and debt consolidation.

a. _____ In straight bankruptcy, all of the debtor's assets are sold by the courts.

b. _____ One installment debt is not enough for one to consider filing bankruptcy.

c. _____ A debtor's debts are repaid to creditors when bankruptcy is filed with the courts.

d. _____ Commercial debt poolers should be avoided.

e. _____ Debt pooling is frequently associated with credit unions.

Compare your answers with those on the next page.

Answer Key
Lesson 3 Progress Check

The answers below are suggestions.

1. Probably will listen if a new repayment plan is suggested, e.g.,smaller payments over a longer period.
   Prevents repossession of item.
   Protects credit rating.
   Avoids unfavorable consequences, e.g. harassment.
   Prevents wage garnishment.

2. b, c, d, f

3. a, b

4. Debt problems force lower standard of living, and damaged health family life.
   Repossessed goods frequently not repossessed according to law nor resold according to law, causing much mental anguish.
   Threats to worker of losing employment.
   Employers begin looking for inefficiency in worker.
   Harassment of debtor by telling neighbors of debt, loss of self-respect.

5. b, d

Lesson 4: Evaluating the Debt Alternatives

Narrative Summary

To meet the last objective of this unit, you need to determine which debt alternative will best meet the needs of EDA families or individuals. The activities for this lesson have been designed to meet that objective.

Suggested Activities

1. From the information collected in Lesson 3, set up a chart or similar tool to evaluate the many alternatives EDA families might adopt to solve their financial crisis with the refrigerator. The headings might include: maintains loss of self-esteem and reputation, loss of family solidarity, longer time debt, more interest repaid, loss of refrigerator.

2. Review the family's income (from Unit 1), their living expenses, assets, liabilities (there may be other debts). Review the family's goals, values, current standards of living, and available resources.

3. Ascertain the hierarchy of alternatives you would recommend to the family for them to solve their credit problem. Write a short paper explaining your choice.

Lesson 4 Progress Check

Present your evaluation tool (1) and the paper explaining the recommendations you would give to an EDA family to solve a credit crisis (3) to your instructor. When you and your instructor believe you have met the objectives of this module, take the module posttest.

Suggested Resources

Andreasen, Alan. The Disadvantaged Consumer. New York: The Free Press, 1975.

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Caplovitz, David. Consumers in Trouble. New York: The Free Press, 1974.

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Churchman, Charlotte V., and Albie Rasmussen. "Family Financial Counseling," Journal of Home Economics, 69 (January 1977).

Dowd, Merle E. How to Get Out of Debt and Stay Out of Debt. Chicago: Henry Regnery Co., 1971.

"Getting Out of Debt Without Going Broke," Changing Times, July 1971.

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Lawyer, Josephine H. "Managing Debts," Journal of Home Economics, 69 (January 1977).

Magnuson, Warren, and Jean Carper. The Dark Side of the Marketplace. Englewood Cliffs, New Jersey: Prentice-Hall, 1968.

Phillips, E. Bryant, and Sylvia Lane. Personal Finance. New York: John Wiley and Sons, 1974.

Porter, Sylvia. Sylvia Porter's Money Book. New York: Avon Books, 1976.

Raihall, Denis. Family Finance. Little, Brown and Company, 1975.

Troelstrup, Arch. The Consumer in American Society. New York: McGraw-Hill, 1974.

Trooboff, Benjamin M., and Fannie Lee Boyd. Personal Finance for Consumers. Morristown, New Jersey: General Learning Press, 1976.

Tussing, A. Dale. Poverty in a Dual Economy. New York: St. Martin's Press, 1975. (Explains various welfare programs.)

MODULE PRE/POSTTEST

Student_____

Money Management

Instructor_____

Date_____

Student:	This pre/posttest will assess your knowledge of the information presented in this module. You need study only those units that are prescribed on the basis of pretest results.

1. EDA families have financial goals; however, those goals vary from the typical money management goals discussed in money management classes. Elaborate on five of those goals.

   a.

   b.

   c.

   d.

   e.

2. EDA families or individuals frequently exhibit lack of shopping expertise. Indicate five shopping characteristics of the EDA family or individual.

   a.

   b.

   c.

   d.

   e.

3. The low-income aged exhibit different shopping habits than EDA families. Two of the habits are:

   a.

   b.

4. Indicate four reasons why the EDA family must spend a large percentage of its income for food.

   a.

   b.

   c.

   d.

5. Three federal governmen programs that provide incomes for eligible low-income families are:

   a.

   b.

   c.

6. What is the yearly federal budget designed for families and what is the source of that budget?

7. Describe four fraudulent practices of debt collectors.

   a.

   b.

   c.

   d.

8. Three legitimate financial counseling organizations located in most metropolitan areas are:

   a.

   b.

   c.

9. Describe three methods the retailer might suggest to help the EDA family or individual to avoid any financial losses or loss of merchandise should they find that they are unable to meet installment payments.

   a.

   b.

   c.

10. Describe social-psychological implications to a family or individual when wages are garnished or goods are repossessed.

   a.

   b.

   c.

Return this test to your instructor for evaluation.

ANSWER KEY
MODULE PRE/POSTTEST

Money Management

Instructor:	Do not reproduce this page in students' booklets. You must retain it for grading and prescriptive purposes. Answers will vary with individuals. A preferred response might be similar to the answer presented.

1. good health
   good education for children
   have enough money to support the family
   nice place to live in
   have an address in order to receive public aid
   get a check every week
   buy a car
   buy electrical applicances
   aged--have a decent funeral
   be honest in dealings

2. listen to salespeople and buy according to their recommendations
   shop in local neighborhoods rather than a larger geographical area
   make impulsive purchases
   buy brand names
   buy the first item presented
   seldom shop for lowest price
   buy where credit is extended
   buy in small stores where clerks are on first-name basis
   seldom shop at supermarkets
   shop when relief check arrives
   TV advertising influencial in choices
   family shops together--evenings, late afternoon

3. shop in the morning
   shopping a social occasion
   use taxi and frequently shop outside neighborhood
   use newspaper for sales information
   do comparison shopping
   are well informed consumers

4. buy food where credit is extended
   buy small amounts
   not important to have a pantry stocked with food
   cannot afford to buy in quantity when items are on special/sale
   lack refrigeration for perishables
   vermin frequently in the home, rendering storage of supplies impractical
   poor quality food available at local market, resulting in food waste

5. General Relief
   Aid to Families with Dependent Children
   Food Stamps
   Supplemental Security Income
   Social Security

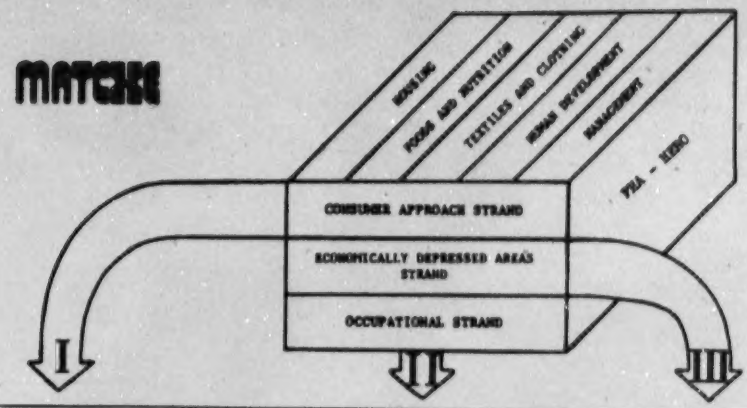
6. Annual Budgets for Three Living Standards,
   Urban U.S.A.; Bureau of Labor Statistics

7. threaten to damage credit status by referring creditor's name to a recognized credit agency when they actually do not plan to
   use violence or threats of violence to collect debts
   harrass the debtor with threatening letters, phone calls at odd hours
   threaten to inform the employer of the debt
   notify the employer requesting collection of the debt
   use false legal documents to collect debts
   repossess illegally

8. Family Service Society (Association)
   Legal Aids Society
   Credit Union
   Military (Army and Navy)
   Many unions--Community Services
   Banks, churches

9. smaller payments, longer time period

10. family solidarity damaged
    forced lower standard of living
    loss of self-esteem
    loss of reputation in neighborhood
    for males--feeling of loss of head of household, male role
    children "persecuted" by playmates



	I	II	III
A.	CORE: CONSUMER APPROACH TO HOMEMAKING EDUCATION 1 Life Styles and the Consumer 2 Community Consumer Resources 3 Consumer Rights and Responsibilities 4 Incorporating the Consumer Approach in Homemaking Classes	CORE: ESTABLISHING OCCUPATIONAL PROGRAMS 1 Analyzing Job Market Opportunities 2 Developing Occupational Programs 3 Implementing Occupational Programs 4 Evaluating Occupational Programs	CORE: TEACHING HOME ECONOMICS IN ECONOMICALLY DEPRESSED AREAS 1 Characteristics of Economically Depressed Areas 2 Life Style Characteristics of Economically Depressed Areas 3 Community Resources for Economically Depressed Areas 4 Developing and Implementing Programs for Economically Depressed Areas
	AREA (Module) PACKAGES	AREA (Module) PACKAGES	AREA (Module) PACKAGES
B.	HOUSING 1 Consumer Use of the Community 2 Procedures for Selecting a Community 3 Procedures for Selecting Housing 4 Shopping for a Home Loan 5 Procedures for Selecting Furnishings 6 Maintenance Procedures for Surfaces, Furniture, and Appliances	HOUSING 1 Occupational Opportunities Related to Housing and Interiors 2 Required Skills for Retail Sales of Furnishings and Related Household Items	HOUSING 1 Low Income Housing 2 Government Housing Programs 3 Low Income Furnishings
C.	FOODS AND NUTRITION 1 Technological, Sociological, Ecological, and Environmental Factors Related to Food 2 Regulatory Agencies Responsible for Wholesomeness and Quality of Foods 3 Consumer Aspects in Planning Meals 4 Cultural Food Patterns 5 Influences on Food Prices	FOODS AND NUTRITION 1 Occupational Opportunities Related Foods and Nutrition 2 Operations and Activities of a Food Service Operation 3 Managing a Food Service Operation	FOODS AND NUTRITION 1 Food Availability in Economically Depressed Areas 2 Low Income Food Patterns 3 Meal Management on a Low Income
D.	TEXTILES AND CLOTHING 1 Consumer Approach to Textiles and Clothing 2 Sociological, Psychological, and Economic Factors Affecting Clothing Selection 3 Clothing Needs of Individuals 4 Applications and Implications of New Technology in Textiles and Clothing	TEXTILES AND CLOTHING 1 Occupational Opportunities Related Textiles and Clothing 2 Assembly Line Garment Construction 3 Merchandising Textiles and Ready-To-Wear	TEXTILES AND CLOTHING 1 Clothing the Individual and Family 2 Utilizing Resources for Clothing and Textiles
E.	HUMAN DEVELOPMENT 1 Societal Changes Affecting the Family 2 The Relationship Between Spending Patterns and Interpersonal Relationships 3 Financial Pressures in Various Life Styles and Cycles 4 Individuals and Families in Crisis 5 Consumer Aspects of Parenthood	HUMAN DEVELOPMENT 1 Occupational Opportunities Related to Human Development 2 Children's Center Aide 3 Developing Programs for Preschool Children 4 Convalescent Home Aide	HUMAN DEVELOPMENT 1 Characteristics of Economically Depressed Area Families 2 The Child and the Economically Depressed Area Family 3 Resources for the Economically Depressed Area Family
F.	MANAGEMENT 1 Relationship Between National and Consumer Economics 2 Consumer Legislative Issues 3 Environmental Issues and the Consumer 4 Financial Management 5 Family and Individual Credit Management 6 Management View of the Multiple Role 7 The Metric System	MANAGEMENT 1 Occupational Opportunities Related to Home Management and Supporting Services 2 Occupational Preparation for Jobs Utilizing Housekeeping Skills	MANAGEMENT 1 Management Skills 2 Money Management 3 Marketing Practices in Relation to Low Income Clientele